



From: SENIOR LEADERS COMMUNICATIONS on behalf of Senior Leaders Communications
Sent: Tue, 16 Sep 2008 09:49:22 GMT
To: Senior Leaders Communications
Subject: Message from John Varley: Lehmans update

Message from John Varley to the Senior Leaders Group

This morning we issued an announcement to the London Stock Exchange confirming that we remain in discussions with Lehman Brothers regarding the possible acquisition of certain of their assets, on terms that would be attractive to Barclays shareholders. We put out the announcement because of informed media speculation, and I wanted to bring you up to speed on what, I'm sure you'll appreciate, is a fluid situation.

Lehmans' shift into administration means we now have the opportunity to purchase what we regard as the good parts of the investment bank (including people, infrastructure and licences), without having to take on any exposure to the bad parts. This remains a rare opportunity to accelerate execution of our strategy by expanding our US investment banking operations, through the acquisition of a high quality business with the potential for high margins. But the discussions are complex, and we are working to very tight deadlines.

There is no guarantee we will agree to proceed. Any potential deal, as I said in my note to you on Sunday, needs to meet our strict financial tests and be in the best interests of our shareholders. Those are tough tests.

I will update you further when I have specific developments to report.

John